

SPECIAL COMMISSION MEETING MINUTES
April 10, 2014

The Board of Davis County Commissioners met in room 303 of the Davis County Administration Building, 61 South Main Street, Farmington, Utah on April 10, 2014 at 4:45 pm. Members present were: Commissioner Louenda H. Downs - Chair, Commissioner P. Bret Millburn, Commissioner John Petroff, Jr., Clerk/Auditor Chief Deputy Audit/Finance Curtis Koch, Chief Deputy Civil County Attorney Neal Geddes, and Deputy Clerk/Auditor Janet Hanson.

Commissioner Downs indicated the meeting was in regards to an application for a deferral of property tax. She asked Commissioner Petroff to explain.

Explanation of
Viking Real
Estate, LLC's
application for
deferral of
property tax –
property sits in
proposed
alignment of
the West Davis
Corridor.
Unable to sell.

Commissioner Petroff indicated the parcel in questions is #08-069-0016. There are five years back taxes owing in the approximate amount of \pm \$234,000.00. Originally, the County did not see a significant hardship to take the property off of the tax sale. The posting of the tax sale information is scheduled to go out April 11th. The formal request/application from Viking Real Estate, LLC to defer the taxes was not received until Tuesday, April 8th. A decision, one way or another, needed to be made right away so the tax sale information could be posted.

Commissioner Petroff explained the property encompasses about 292 acres in west Farmington. It has improvements in one area, and the other area is not developable. The issue with this property is it sits in the middle of a proposed alignment of the West Davis Corridor. Because of that situation, he felt it was fair to defer the taxes because the owners cannot do anything with the property because of the proposed corridor. It would be very unlikely anyone would want to buy the property at this time not knowing the placing of the corridor. Hopefully, a record of decision for the corridor will be made this upcoming year. Then, the property owners might have a better opportunity to sell. This proposed tax deferral would be for one year. It is not to abate any taxes. The total amount of taxes would still be due, including this year's taxes along with penalties and interest. He felt it is a reasonable thing to do for this property owner. He does not know why the property owners are in this situation, but because of the proposed corridor he didn't want them to lose the assessed value of the property because of the tax sale.

Commissioner Downs agreed the pending decision about the corridor affects the ability to sell the property.

Commissioner Millburn requested clarification from the attorneys as to the Commission's authority in these types of situations.

County's
statutory
authority

Neal Geddes, Davis County Chief Deputy Civil Attorney, indicated as the County legislative body, they have the statutory authority to make an adjustment, or in this case a deferral, if they feel it is in the best human interest and in the interests of the state and the County. The requested deferral would be for the 2014 tax year which would be through November 30, 2014.

Michael Kendall, Davis County Civil Attorney, referred to Utah Code Annotated 59-2-1347; the Commissioners, upon receiving an application from an interested party requesting the deferment of taxes, is authorized to defer taxes levied (for a time period to be determined) against property assessed by the county assessor where, in the Commission's judgment, the best human interest and the interests of the state and county are served. He indicated there are two reasons to only defer until November 30, 2014 rather than an entire year through April 2015:

1. It would facilitate a potential opportunity of not waiving the option to move forward with the tax sale in 2015.

2. The statute requires a mandatory interest rate during the deferral period that may be significantly less than the current 7%. In fact, it is less than 1%.

Michael indicated this deferral is already a significant benefit to the property owner in terms of having more time to obtain the funds. It is slightly in the detriment of the County, because during the deferral period there is a loss of 6% of interest the County would otherwise be entitled to. From a practical standpoint, that is why it is recommended to only defer through the 2014 tax year. The hope is there will be a decision made regarding the corridor within the year. There can always be an additional application made by the property owner if the original deferment lapses to request an additional deferment.

Neal noted this judgment gives the property owners notification that it will be on next year's tax sale and give them time to make preparation in the event the record decision does not come out. They can decide if they want the property to go to tax sale, or bring the taxes current.

Cheri Mayer, Davis County Tax Administration, spoke from the audience, indicating the delinquent property tax owners are required to be notified by April 15 if their property will be listed on the tax sale.

Dale Peterson, Davis County Tax Administration Director, said the property owner has moved its operation to Texas, and it is his understanding the property is vacant. The son of the owner, Spencer Palmer, is here locally and has been representing his parents in this process.

Commissioner Petroff made a motion to approval the deferral of the taxes on this property until November 30, 2014. Commissioner Millburn seconded the motion. Diane Law, Davis County Tax Administration, indicated November 30, 2014 is a Sunday. The legal date/deadline for 2014 taxes being due and paid is Monday, December 1, 2014. Commissioner Petroff changed the date of his motion to December 1, 2014. Commissioner Millburn seconded motion. All voted aye.

Commissioner Downs expressed her appreciation for the work which has gone into this application. Meeting adjourned.

Approval to
defer taxes
until 12/1/14